GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4101
ANSWERED ON:27.03.2017
Promotion of Service Sector
Ram Mohan Naidu Shri Kinjarapu

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the share of Service Sector to GDP is far greater than manufacturing even though the contribution of the Government to Service Sector is almost nominal;
(b) if so, the details thereof along with the role the Government has identified for itself to give a further boost to the Service Sector in future;
(c) whether the Government has any concrete plan to bring convergence between the Service Sector and the industry; and
(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a) & (b): As per Central Statistics Office (CSO) provisional data, the share of services sector to Gross Value Added (GVA) is 53.7 per cent in 2016-17 (as per second advance estimates) whereas the share of manufacturing is 16.6 percent.
In order to promote trade in services, Government of India follows a multi-pronged strategy of negotiating meaningful market access through multilateral, plurilateral and bilateral trade agreements, trade promotion through participation in international fairs/exhibitions, focussed strategies for specific markets and sectors. Further, there are domestic sectoral challenges and difficulties. These are identified and sought to be addressed through consultations with stakeholders. Government of India also provides some fiscal incentives through Services Exports from India Scheme (SEIS) for some identified sectors as per budget availability.
(c) & (d): Services are embedded in manufacturing as well some important services which are also inputs into the manufacturing sector are: IT/TeS, logistic services which comprises courier services, retail including e-commerce and transport services, financial services (insurance and banking), utilities such as telecommunications and professional services (engineering services, architectural services, accounting and legal services). Therefore, these key service sectors are critical for the success of the 'Make in India' Programme. The 'Make in India' programme has identified twenty-five thrust areas from both manufacturing and services sectors to provide major push to both these sectors. Apart from this, the policy initiatives like Start-up India, Stand-up India, Digital India and Skill India, fillip to manufacturing and infrastructure through fiscal incentives and concrete measures for transport, power, connectivity, smart cities and other urban and rural infrastructure and efforts at improving the ease of doing business through a number of facilitatory initiatives are also likely to boost services sector. The substantive changes in the policy regime for foreign direct investment are expected to boost both industrial and service sector growth.

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